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AUTHORIZING APPROPRIATIONS FOR FISCAL YEARS 1988 AND 1989 FOR INTELLIGENCE ACTIVITIES OF THE U.S. GOVERNMENT, THE INTELLIGENCE COMMUNITY STAFF, THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM [CIARDS], AND FOR OTHER PURPOSES

JULY 17 (legislative day, JUNE 23), 1987.—Ordered to be printed

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Mr. NUNN from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 1243]

The Committee on Armed Services, to which was referred the bill (S. 1243) to authorize appropriations for fiscal years 1988 and 1989 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

PURPOSE OF THE BILL

S. 1243 would authorize appropriations and other matters for Fiscal Year 1988 and 1989 for intelligence activities of the United States Government, including certain Department of Defense intelligence-related activities within the jurisdiction of the Committee on Armed Services.

The Select Committee on Intelligence reported out the bill on May 20, 1987 and it was referred to this Committee under the provision of Section 3(b) of Senate Resolution 400, 94th Congress for a period of 30 days.

SCOPE OF COMMITTEE REVIEW

The Committee conducted a detailed review of the intelligence community budget request for Fiscal Years 1988 and 1989. This was the first year that the Administration and the Congress considered budget for the Department of Defense and the intelligence community is a two-year budget. The purpose of the two-year au-

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thorization is to permit longer range planning within the Executive Branch, reduce turmoil caused by the annual budget process, and permit both the Congress and the Executive Branch to concentrate on issues of oversight and management and reduce the amount of time spent in the annual budget process.

The Committee has carefully reviewed the report of the Select Committee on Intelligence and has incorporated the relevant budgetary decisions of that Committee in the Defense Authorization Act for Fiscal Year 1988 and 1989 reported by this Committee on May 5.

Amendments and Other Measures

The committee has considered and adopted one amendment and two additional measures.

COMMUNICATIONS SECURITY

The Committee supports the recommendation contained in the classified annex prepared by the SSCI that funds should be added to continue to improve communications security for certain domestic communications.

NET ASSESSMENTS BY THE INTELLIGENCE COMMUNITY

Net assessments provide a valuable source of information on the potential effectiveness of U.S. forces and weapons systems in hypothetical engagements with adversaries. In order to conduct such assessments, one requires detailed and accurate information on both foreign and U.S. weapons systems and tactics.

A small office exists in the Department of Defense to conduct and coordinate net assessments. This office, separate from the intelligence community, relies on data from the intelligence community relative to foreign weapons systems, as well as data from the military services and other DoD organizations on friendly forces. However, the results of these net assessments have been restricted primarily to the Secretary of Defense.

Up until 1981, there was some debate as to the extent to which the intelligence community should conduct or become involved in net assessments. Some have argued that while the intelligence community has expertise in foreign weapons systems and tactics, it lacks the requisite expertise and often the access to necessary data relative to U.S. forces. Further, it was argued that such analyses require a commitment of resources beyond what the community can afford without interfering with the overriding mission of foreign assessments. Proponents of intelligence community involvement have pointed out that the expertise and elaborate tools used by the intelligence community to evaluate and assess effectiveness of foreign weapons systems are equally applicable to U.S. weapons evaluations. Further, the involvement of the Intelligence Community would lend greater credibility to the results of net assessments. For example, in the acquisition of weapon systems, the service proponent of a particular weapon has the primary if not sole responsibility in assessing how well that weapon will perform against opposing threats.

In 1981, the Director of Central Intelligence and the Secretary of Defense agreed that they would jointly conduct net assessments in selected areas, and that DoD would provide the intelligence community with data on U.S. forces for use in these analyses. The most notable activity undertaken pursuant to this agreement to date, has been a joint net assessment of U.S. and Soviet strategic forces completed in 1983, and updated in 1985. However, these joint efforts have been very limited in number and scope. These efforts clearly could and should be expanded.

For example, it would be useful to have an independent net assessment of such strategic systems as the U.S. air-breathing systems against the Soviet Air Defense systems. This is particularly important given the well-publicized problems with the B-1B and the substantial investment yet to come in air breathing systems. Net assessments of key weapon systems will assist the executive branch and the Congress in making budgetary and programatic decisions. Currently, the absence of such assessments means that very important decisions are often made without a complete or independent assessment of how these systems would fare in actual combat.

In June 1986, the Packard Commission recommended that the Department of Defense and the Intelligence Community expand its net assessment work. Specifically, the Packard Commission recommended that:

At the direction of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, with the assistance of the other members of the JCS and the CINCs, and in consultation with the Director of Central Intelligence, should also prepare a military net assessment that would:

Provide comparisons of the capabilities and effectiveness of U.S. military forces with those of potential adversaries for the Chairman's recommended national military strategy and other strategy options;

Reflect the military contributions of Allied Forces where appropriate;

Evaluate the risks of the Chairman's recommended national military strategy and any strategy options that he develops for the Secretary of Defense and the President; and

Cover the entire five-year planning period.

In the Goldwater-Nichols Defense Reorganization Act of 1986, the Chairman of the Joint Chiefs was given a new responsibility to perform "net assessments to determine the capabilities of the armed forces of the United States and its allies as compared with those of their potential adversaries" (10 U.S.C. 153(a)(2)(C), as amended by section 201 of P.L. 99-443.) This responsibility was added because the Congress believed that the Chairman should also have an enhanced role in net assessments.

The Committee believes that more involvement in specific net assessments by the Intelligence Community is a prerequisite for meaningful participation in the overall assessment of the national military strategy envisioned by the Packard Commission. The Committee is mindful, however, of the potential impact such involvement may have on resources and believes that intelligence commu-

nity participation should be structured so as to provide an alternative source of net assessment information for those Department of Defense weapons systems or plans judged critical.

Accordingly, the Committee directs the Secretary of Defense and the Director of Central Intelligence to develop a plan for the conduct of net assessments which allow for independent judgments by the intelligence community. the Committee believes that the following considerations should be taken into account in the development of this plan:

Intelligence community net assessments for the Department of Defense should be restricted to those areas judged critical to the overall effectiveness of U.S. national security policy, strategy, tactics or specific weapon systems. The plan should specifically identify and prioritize those areas selected for intelligence community participation and the reasons why they are judged "critical".

Given the resources associated with complex net assessments, the conduct of joint net assessments by DoD and the intelligence community are acceptable. The plan should permit the intelligence community to have an equal role in establishing the parameters of the assessment and to arrive at independent conclusions based on the results. The process used in the preparation of national intelligence estimates is a useful model in this regard, including procedures for reporting dissenting opinions.

The completion of net assessments should be timed so as to provide maximum value in the decisionmaking process. The plan should set forth a timetable for initiation and completion of those net assessments identified for intelligence community participation.

Net assessments would be particularly valuable to senior officials involved in national security policy outside the Department of Defense in both the Executive Branch and Congress. The plan should provide a mechanism for dissemination of information on the results of net assessments to such officials. Further, appropriate senior officials should be consulted in the selection and prioritization of areas to be the subject of net assessments.

Furthermore, the Committee encourages the Intelligence Community, and specifically the CIA, to improve its analysis of how the Soviets view "the correlation of forces," which is the Soviet term analagous to net assessments.

The Committee requests that the plan be provided to the Armed Services, Intelligence, and Appropriations Committees of the House and Senate no later than March 1, 1988 with an implementation date as soon thereafter as practical but no later than October 1, 1988. The Committee will assess the plan as a basis for any further action in this area deemed appropriate.

UNDISTRIBUTED REDUCTIONS AND THE NATIONAL FOREIGN INTELLIGENCE PROGRAM

The Committee is concerned about the impact on the National Foreign Intelligence Program of undistributed reductions in the Department of Defense Authorization which might be required as a result of Congressional action. It is the intent of the committee that undistributed reductions applied in the Fiscal Year 1988 and

Fiscal Year 1989 Department of Defense Authorization Act to appropriations accounts of the Department of Defense shall not be applied to elements of the National Foreign Intelligence Program contained in those accounts.

Committee Action

On July 14, 1987 the Committee on Armed Services approved the bill as amended and ordered it favorably reported.

Evaluation of Regulatory Impact

In accordance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Committee, the Committee finds no regulatory impact will be incurred in implementing the provisions of this legislation.

Changes in Existing Law

In the opinion of the Committee, it is necessary to dispense with the requirements of Rule 12 of Rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.

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